



TODAY 1/24
State of Wisconsin
2005 - 2006 LEGISLATURE

PJK/

LRB-1649/12

DAK/RAC/MJL:wlj:ch

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Request Sheet

improvement

DOA:.....Johnston, BB0423 - Health Care Quality and Patient Safety Board
FOR 2005-07 BUDGET -- NOT READY FOR INTRODUCTION

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AN ACT ...; relating to: the budget.

Analysis by the Legislative Reference Bureau
HEALTH AND HUMAN SERVICES

HEALTH

Under current law, DHFS must collect, analyze, and disseminate health care information from health care providers other than hospitals and ambulatory surgery centers; in addition, DOA must contract with an entity to collect, analyze, and disseminate health care information from hospitals and ambulatory surgery centers. Both DHFS and the entity under contract with DOA must, from the data collected, prepare certain reports that do not permit the identification of a patient, an employer, or a health care provider. The Board on Health Care Information, attached to DHFS, must advise DHFS on the collection, analysis, and dissemination of health care information; provide oversight on the reports issued by DHFS and the entity under contract with DOA; and develop overall strategy and direction for health care information collection activities. Activities of the Board on Health Care Information and DHFS are funded from fees for performance of certain work under contract and from assessments that are annually levied on health care providers other than hospitals and ambulatory surgery centers.

This bill eliminates the Board on Health Care Information as of October 1, 2005, and replaces it on that date with a nine-member Health Care Quality and Patient Safety Board (HCQPSB), attached to DOA, which assumes the duties and powers of the Board on Health Care Information. In addition, the HCQPSB must do all of the following:

1. By March 1, 2006, study and make recommendations concerning the feasibility of creating a centralized physician information database.

2. By October 1, 2006, study and make recommendations concerning rules required and authorized to be promulgated by DHFS concerning the collection, analysis, and dissemination of health care information.

3. By January 1, 2007, develop a plan and specific strategies to deploy health care information systems technology for health care quality, safety, and efficiency.

4. Annually report on its plans, activities, accomplishments, and recommendations.

5. Annually assess the extent to which automated information and decision support systems are used by health care providers in Wisconsin.

6. Annually assess options and develop a plan to achieve automation of all health care systems in Wisconsin by 2010.

7. Make grants or loans to clinics, health maintenance organizations, hospitals, or physicians for various projects.

The bill creates the health care quality improvement fund, a segregated fund that consists of moneys transferred from the injured patients and families compensation fund, the net proceeds of certain revenue obligations, a portion of the annual assessments levied on health care providers other than hospitals and ambulatory surgery centers, and the repayment of any loans made by the HCQPSB. Funds of the health care quality improvement fund are, under the bill, appropriated for general program operations of the HCQPSB ~~and for grants or loans made by the HCQPSB~~ and for benefits under the Medical Assistance (MA) program including specified hospital payments in specified amounts.

Under the bill, the entity under contract with DOA must annually report to the HCQPSB concerning the fulfillment of the entity's obligations under the contract. Also, before July 1, 2007, DHFS may promulgate only those rules relating to the collection, analysis, and dissemination of health care information that are first approved by the HCQPSB.

Subheading

OTHER HEALTH AND HUMAN SERVICES INSURANCE

Under current law, certain health care providers are required to carry health care liability insurance with liability limits of at least \$1,000,000 for each occurrence and at least \$3,000,000 for all occurrences in a policy year. Any portion of a medical malpractice claim against a health care provider subject to the health care liability insurance requirements that exceeds the policy limits of the health care provider's health care liability insurance is paid by the injured patients and families compensation fund. Moneys for the fund come from annual assessments paid by the health care providers who are subject to the health care liability insurance requirements. Current law provides that the fund is established to curb the rising costs of health care by financing part of the liability incurred by health care providers as a result of medical malpractice claims and that the fund is held in irrevocable trust for the sole benefit of providers and proper claimants and may not be used for any other purpose of the state.

This bill transfers ~~\$25,000,000~~ from the injured patients and families compensation fund to the health care quality improvement fund, as created in the bill. The bill also adds to the stated purpose of the injured patients and families

\$133,843,400 in fiscal year 2005-06
and \$8,764,000 in fiscal year 2006-07

Material from
p. 3
goes
HERE

(HCQPSB)

ensuring the
availability of health care
providers in Wisconsin and of

compensation fund the purpose of enabling the deployment of health care information systems technology for health care quality, safety, and efficiency, by the Health Care Quality and Patient Safety Board, as created in the bill.

\$125,000,000

STATE GOVERNMENT**STATE FINANCE**costs associated
with the reform of the
Medical Assistance program

This bill creates a program to issue revenue obligations to fund the payment of ~~grants to health care entities for using technology to reduce medical errors and improve the quality of health care~~. Under the bill, funds for the program may not exceed ~~\$25,000,000~~. The bill provides that the principal and interest costs on the revenue obligations are to be paid from excise taxes that are currently imposed on the sale of liquor, fermented malt beverages, cigarettes, and tobacco products. These taxes are to be deposited into the excise tax fund, a fund under current law that can be used for any revenue obligations issued to pay the state's unfunded prior service liability under the Wisconsin Retirement System (WRS). To dedicate moneys in the excise tax fund for the payment of these grants, the bill eliminates the state's authority to issue revenue obligations secured by tax revenues derived from the sale of liquor, fermented malt beverages, cigarettes, and tobacco products for the payment of the state's unfunded prior liability under the WRS. Obligations for this purpose have already been issued under other current law authority.

WHEFA

~~OTHER STATE GOVERNMENT~~↓
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TO P. 1

Under current law, the Wisconsin Health and Educational Facilities Authority (~~Authority~~) provides financial assistance to private and public health facilities and hospitals. This bill prohibits the ~~Authority~~ from providing such financial assistance unless the health facility or hospital demonstrates to the Health Care Quality and Patient Safety Board that it is making efforts to improve medical technology.

For further information see the *state and local* fiscal estimate, which will be printed as an appendix to this bill.

WHEFA

(HCQPSB)

The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:

- 1 **SECTION 1.** 15.07 (2) (b) of the statutes is repealed.
- 2 **SECTION 2.** 15.07 (2) (n) of the statutes is created to read:
- 3 15.07 (2) (n) The chairperson of the health care quality and patient safety board
- 4 shall be designated biennially by the governor.
- 5 **SECTION 3.** 15.07 (3) (bm) 1. of the statutes is repealed.
- 6 **SECTION 4.** 15.105 (13) of the statutes is created to read:

1 15.105 (13) HEALTH CARE QUALITY AND PATIENT SAFETY BOARD. (a) *Creation;*
2 *membership.* There is created a health care quality and patient safety board,
3 attached to the department of administration under s. 15.03, consisting of the
4 following members:

5 1. The secretary of health and family services, the secretary of employee trust
6 funds, and the secretary of administration or their designees.

7 2. One physician, as defined in s. 448.01 (5).

8 3. One representative of hospitals.

9 4. One employer purchaser of health care.

10 5. One representative of the insurance industry.

11 6. One representative of health maintenance organizations, as defined in s.
12 609.01 (2).

13 7. One member who shall represent the public interest.

14 (b) *Terms.* The board members specified in par. (a) 2. to 7. shall be appointed
15 for 4-year terms.

16 SECTION 5. 15.195 (6) of the statutes is repealed.

17 SECTION 6. 16.03 (3) of the statutes is amended to read:

18 16.03 (3) REPORT. The interagency coordinating council shall report at least
19 twice annually to the health care quality and patient safety board ~~on health care~~
20 ~~information~~ in the department of health and family services administration,
21 concerning the council's activities under this section.

22 SECTION 7. 16.526 (title) of the statutes is repealed and recreated to read:

23 16.526 (title) Revenue obligation program to fund ~~the payment of~~
24 ~~grants to certain health care entities~~ ^③ costs associated with the reform
25 of the Medical

SECTION 8. 16.526 (1) of the statutes is amended to read:

Assistance
program

*costs associated with the reform of the
Medical Assistance program*

1 16.526 (1) For purposes of subch. II of ch. 18, the purposes of obtaining proceeds
2 to pay the state's anticipated unfunded prior service liability under s. 40.05 (2) (b)
3 and of paying the state's unfunded prior service liability under s. 40.05 (2) (b) and the
4 state's unfunded liability under s. 40.05 (4) (b), (bc), and (bw) and subch. IX of ch. 40
5 ~~fund the payment of grants to health care entities for using technology to reduce~~
6 ~~medical errors and improve the quality of health care under s. 153.076 (2) (a)~~ is a
7 special fund program, and the excise tax fund is a special fund. The legislature finds
8 and determines that the excise tax fund is a segregated fund consisting of fees,
9 penalties, or excise taxes and that the special program to pay the state's unfunded
10 prior service liability under s. 40.05 (2) (b) and the state's unfunded liability under
11 s. 40.05 (4) (b), (bc), and (bw) and subch. IX of ch. 40 ~~fund the payment of grants to~~
12 ~~health care entities for using technology to reduce medical errors and improve the~~
13 ~~quality of health care under s. 153.076 (2) (a)~~ from the net proceeds of revenue
14 obligations issued under this section is appropriate and will serve a public purpose.

15 **SECTION 9.** 16.526 (2) of the statutes is amended to read:

16 16.526 (2) The net proceeds of revenue obligations issued under subch. II of ch.
17 18, as authorized under this section, shall be deposited in a ~~into the health care~~
18 ~~quality improvement~~ fund in the state treasury, or an account maintained by a
19 trustee, created under s. 18.57 (1). The moneys shall be applied for ancillary
20 payments and for the provision of reserves, as determined by the building
21 commission, and for the payment of part or all of the state's unfunded prior service
22 liability under s. 40.05 (2) (b) and the state's unfunded liability under s. 40.05 (4) (b),
23 (bc), and (bw) and subch. IX of ch. 40, as determined by the department, ~~grants to~~
24 ~~health care entities for using technology to reduce medical errors and improve the~~
25 ~~quality of health care under s. 153.076 (2) (a)~~, and any remainder shall be paid into

RESTORE TO PLAIN
TEXT

SECTION 9

*costs associated with the reform
of the Medical Assistance program*

1 a retirement liability ~~health entity grant~~ obligation redemption fund created under
2 18.562 (3). Medical Assistance program

3 SECTION 10. 16.526 (5) (b) of the statutes is amended to read:

4 16.526 (5) (b) Except as otherwise provided in this paragraph, the
5 requirements for funds obtained to pay the state's anticipated unfunded prior service
6 liability under s. 40.05 (2) (b) and funds used for the payment of the state's unfunded
7 prior service liability under s. 40.05 (2) (b) and the state's unfunded liability under
8 s. 40.05 (4) (b), (bc), and (bw) and subch. IX of ch. 40, grants to health care entities
9 for using technology to reduce medical errors and improve the quality of health care
10 under s. 153.076 (2) (a) that are to be paid from revenue obligations issued under this
11 section, shall be determined by the secretary. The ~~sum~~ amount of revenue
12 obligations issued under this section and ~~appropriation obligations issued under s.~~
13 16.527, if any, ~~excluding any appropriation obligations that have been defeased~~
14 ~~under a cash optimization program administered by the building commission and~~
15 ~~any appropriation obligations issued pursuant to s. 16.527 (3) (b) 3.,~~ shall not exceed
16 \$1,500,000,000 ~~\$25,000,000.~~ \$125,000,000

17 SECTION 11. 16.529 (2) of the statutes is amended to read:

18 16.529 (2) LAPSES AND TRANSFERS REQUIRED. If obligations are issued under s.
19 16.526 or 16.527, or both, any executive budget bill prepared under s. 16.47 (1) shall
20 require the secretary during the fiscal biennium to which the executive budget bill
21 relates to lapse to the general fund from each appropriation of program revenues,
22 program revenues-service, and federal revenues and to lapse to the applicable fund
23 from each appropriation of segregated fund revenues, segregated fund
24 revenues-service, and segregated federal revenues and subsequently transfer to the
25 general fund an amount equal to that portion of the total amount of principal and

1 interest to be paid on the obligations during the succeeding fiscal biennium that is
2 allocable to the appropriation, as determined under sub. (3). The secretary shall
3 ensure that each state agency includes in the program and financial information
4 forwarded under s. 16.42 (1) an itemization of each amount that is required to be
5 lapsed, or lapsed and transferred, under this subsection.

6 **SECTION 12.** 16.529 (3) (a) of the statutes is amended to read:

7 16.529 (3) (a) The secretary shall first compute the total amount that would
8 have been expended from all appropriations, had obligations under s. ~~16.526~~ or
9 16.527 not been issued, under s. 40.05 (2) (b) and (4) (b), (bc), and (bw) and subch. IX
10 of ch. 40 during the fiscal biennium during which the obligations are issued.

11 **SECTION 13.** 16.529 (3) (c) of the statutes is amended to read:

12 16.529 (3) (c) For each appropriation identified under par. (b), the secretary
13 shall then apply the percentage calculated under par. (b) to the total amount of
14 principal and interest to be paid during the succeeding fiscal biennium on obligations
15 issued under ~~ss. 16.526 and s. 16.527~~. This amount is the portion of the total amount
16 of principal and interest paid on the obligations during that fiscal biennium that is
17 allocable to each appropriation.

18 **SECTION 14.** 20.435 (4) (hg) of the statutes is amended to read:

19 20.435 (4) (hg) *General program operations; health care information.* The
20 amounts in the schedule to fund the activities of the department of health and family
21 services ~~and the board on health care information~~ under ch. 153. The contract fees
22 paid under s. 153.05 (6m) and assessments paid under s. 153.60, less \$250,000 in
23 assessments paid in each fiscal year, shall be credited to this appropriation account.

24 **SECTION 15.** 20.505 (1) (sd) of the statutes is amended to read:

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7-23
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7-23B

Costs associated with the reform of the Medical Assistance program

RESTORE TO PLAIN TEXT

20.505 (1) (sd) Revenue obligation proceeds to pay the state's unfunded liability under the Wisconsin Retirement System fund the payment of grants to certain health care entities. As From the health care quality improvement fund, as a continuing appropriation, all proceeds from revenue obligations that are issued under subch. II of ch. 18, as authorized under s. 16.526, and deposited in a fund in the state treasury, or in an account maintained by a trustee, created under s. 18.57 (1), as authorized under s. 16.526 (2), to pay part or all of the state's unfunded prior service liability under s. 40.05 (2) (b) and the state's unfunded liability under s. 40.05 (4) (b), (bc), and (bw) and subch. IX of ch. 40, as determined by the department of administration to fund the payment of grants to health care entities for using technology to reduce medical errors and improve the quality of health care under s. 153.076 (2) (a), and to provide for reserves and to make ancillary payments, as determined by the building commission, and the remainder to be transferred to a retirement liability health entity grant obligation redemption fund created under s. 18.562 (3). Estimated disbursements under this paragraph shall not be included in the schedule under s. 20.005.

****NOTE: This SECTION involves a change in an appropriation that must be reflected in the revised schedule in s. 20.005, stats.

SECTION 16. 20.505 (1) (sh) of the statutes is amended to read:

20.505 (1) (sh) Excise tax fund — revenue obligation repayment. From the excise tax fund, a sum sufficient to pay a retirement liability health entity grant obligation redemption fund created under s. 18.562 (3) the amount needed to pay the principal of and premium, if any, and interest on revenue obligations issued under subch. II of ch. 18, as authorized under s. 16.526, and to make ancillary payments authorized by the authorizing resolution for the revenue obligations. Estimated

to be transferred to the Health Care Quality Improvement fund

Medical Assistance program

be transferred to the Medical Assistance trust fund

1 disbursements under this paragraph shall not be included in the schedule under s.
2 20.005.

3 **SECTION 17.** 20.505 (1) (sm) of the statutes is amended to read:

4 20.505 (1) (sm) *Excise tax fund — provision of reserves and payment of ancillary*
5 *costs relating to revenue obligations.* From the excise tax fund, a sum sufficient to
6 provide for reserves and for ancillary payments relating to revenue obligations
7 issued under subch. II of ch. 18, as authorized under s. 16.526 and the resolution
8 authorizing the revenue obligations. Estimated disbursements under this
9 paragraph shall not be included in the schedule under s. 20.005.

Medical Assistance
= program

10 **SECTION 18.** 20.505 (1) (sp) of the statutes is amended to read:

11 20.505 (1) (sp) *Revenue obligation debt service.* From a ~~retirement liability~~
12 ~~health entity grant obligation~~ redemption fund created under s. 18.562 (3), all
13 moneys received by the fund for the payment of principal of and premium, if any, and
14 interest on revenue obligations issued under subch. II of ch. 18, as authorized under
15 s. 16.526, and for ancillary payments authorized by the authorizing resolution for the
16 revenue obligations. All moneys received by the fund are irrevocably appropriated
17 in accordance with subch. II of ch. 18 and further established in resolutions
18 authorizing the issuance of the revenue obligations under s. 16.526 and setting forth
19 the distribution of funds to be received thereafter. Estimated disbursements under
20 this paragraph shall not be included in the schedule under s. 20.005.

21 **SECTION 19.** 20.505 (4) (i) of the statutes is created to read:

22 20.505 (4) (i) *Health care quality and patient safety board; gifts and grants.* All
23 money received from gifts, grants, bequests, and devises to the health care quality
24 and patient safety board, for the purposes for which made.

****NOTE: This SECTION involves a change in an appropriation that must be reflected in the revised schedule in s. 20.005, stats.

1 **SECTION 20.** 20.505 (4) (q) of the statutes is created to read:

2 20.505 (4) (q) *Health care quality and patient safety board; general program*
3 *operations.* Biennially, from the health care quality improvement fund, the amounts
4 in the schedule for general program operations of the health care quality and patient
5 safety board.

****NOTE: This SECTION involves a change in an appropriation that must be reflected in the revised schedule in s. 20.005, stats.

6 **SECTION 21.** 20.505 (4) (qb) of the statutes is created to read:

7 20.505 (4) (qb) *Health care quality and patient safety board; grants or loans.*
8 As a continuing appropriation, from the health care quality improvement fund, the
9 amounts in the schedule for grants or loans under s. 153.076.

****NOTE: This SECTION involves a change in an appropriation that must be reflected in the revised schedule in s. 20.005, stats.

10 **SECTION 22.** 25.17 (1) (gd) of the statutes is created to read:

11 25.17 (1) (gd) *Health care quality improvement fund (s. 25.775);*

12 **SECTION 23.** 25.775 of the statutes is created to read:

13 **25.775 Health care quality improvement fund.** There is created a
14 separate nonlapsible trust fund designated as the health care quality improvement
15 fund, consisting of all of the following:

16 (1) All moneys transferred under 2005 Wisconsin Act (this act), section 9225

17 (1).

18 (2) The net proceeds of revenue obligations issued under subch. II of ch. 18, as
19 authorized under s. 16.526, less any remainder paid into a health entity grant
20 obligation redemption fund created under s. 18.562 (3).

21 (3) In each fiscal year, \$250,000 of the assessments paid under s. 153.60.

①
②
③
④ Repayment of any loans made under s. 153.076 (2).

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SECTION 24. 153.01 (2) of the statutes is amended to read:

153.01 (2) "Board" means the health care quality and patient safety board on
health care information.

SECTION 25. 153.05 (2m) (d) of the statutes is created to read:

153.05 (2m) (d) By April 1, annually, the entity under contract under par. (a)
shall report to the board concerning the fulfillment of the entity's obligations under
the contract.

SECTION 26. 153.07 (5) of the statutes is created to read:

153.07 (5) By January 1, 2006, and at least annually thereafter, the board shall
report to the governor on the plans, activities, accomplishments, and
recommendations of the board.

SECTION 27. 153.07 (6) of the statutes is created to read:

153.07 (6) The board shall annually assess the extent to which automated
information and decision support systems are used by health care providers in this
state.

SECTION 28. 153.07 (7) of the statutes is created to read:

153.07 (7) The board shall annually assess options and develop a plan and
specific strategies to achieve automation of all health care systems in the state by
2010 or as soon as practicable.

SECTION 29. 153.07 (8) of the statutes is created to read:

153.07 (8) The board shall administer the health care quality improvement
fund.

SECTION 30. 153.07 (9) of the statutes is created to read:

1 153.07 (9) The board may accept gifts, grants, bequests, and devises to be used
2 in the execution of its functions.

3 **SECTION 31.** 153.076 of the statutes is created to read:

4 **153.076 Grants and loans.** (1) In this section:

5 (a) “Clinic” means a place, other than a residence, that is used primarily for the
6 provision of nursing, medical, podiatric, dental, chiropractic, or optometric care and
7 treatment.

8 (b) “Health maintenance organization” has the meaning given in s. 609.01 (2).

9 (c) “Hospital” has the meaning given in s. 50.33 (2).

10 (d) “Physician” has the meaning given in s. 448.01 (5).

11 **(2)** (a) From the appropriation under s. 20.505 (4) (qb), the board may make
12 grants or loans, under procedures and criteria determined by the board, to clinics,
13 health maintenance organizations, or other health care systems, hospitals, or
14 physicians for any of the following projects:

15 1. Installation of computer–assisted physician order entry, electronic medical
16 records, or other information system infrastructure, including clinical decision
17 support systems, to improve the quality, safety, and efficiency of patient care.

18 2. Development of health information exchanges and interoperable systems to
19 facilitate the reporting of quality, safety, and efficiency information for purposes of
20 health care system improvement or related purposes by informing consumers and
21 health care purchasers.

22 3. Demonstration, through pilot projects, of rapid cycle improvement in quality,
23 safety, and efficiency of care.

24 4. Facilitation of group purchases of medical technology systems by assisting
25 health care providers in forming collaborative agreements for technology.

(b) Repayment of any loans made under par. (a) shall be deposited into the health care quality improvement fund.

SECTION 32. 153.76 of the statutes is amended to read:

153.76 Rule-making by the independent review board.

Notwithstanding s. 15.01 (1r), the independent review board may promulgate only those rules that are first reviewed and approved by the health care quality and patient safety board on health care information.

SECTION 33. 231.03 (intro.) of the statutes is amended to read:

231.03 Powers. (intro.) The authority has all the powers necessary or convenient to carry out and effectuate the purposes and provisions of this chapter. In addition to all other powers granted by this chapter, subject to s. 231.035 the authority may:

SECTION 34. 231.035 of the statutes is created to read:

231.035 Health care quality and patient safety board approval.

Beginning on the effective date of this section [revisor inserts date], the authority may not provide any financial assistance to a health facility, hospital, or participating health institution unless the health facility, hospital, or participating health institution demonstrates to the health care quality and patient safety board that it is making efforts to improve medical technology.

SECTION 35. 655.27 (6) of the statutes is amended to read:

655.27 (6) PURPOSE AND INTEGRITY OF FUND. The fund is established to curb the rising costs of health care by financing part of the liability incurred by health care providers as a result of medical malpractice claims and, to ensure that proper claims are satisfied, and to enable the deployment of health care information systems technology for health care quality, safety, and efficiency, as specified in s. 153.076 (2).

*to ensure the
availability of health
care providers in
this state*

1 The fund, including any net worth of the fund, is held in irrevocable trust for the sole
2 benefit of health care providers participating in the fund and proper claimants and
3 for the deployment of health care information systems technology for health care
4 quality, safety, and efficiency by the health care quality and patient safety board.

5 Moneys in the fund may not be used for any other purpose of the state.

6 **SECTION 9101. Nonstatutory provisions; administration.**

7 **ARA (1) HEALTH CARE QUALITY AND PATIENT SAFETY BOARD; INITIAL APPOINTMENTS.**

8 Notwithstanding the length of terms specified in section 15.105 (13) (b) of the
9 statutes, as created by this act, the initial members of the health care quality and
10 patient safety board shall be appointed by the first day of the 4th month beginning
11 after the effective date of this subsection for the following terms:

12 (a) The representative of hospitals, the employer purchaser of health care, and
13 the representative of the insurance industry, for terms expiring on May 1, 2009.

14 (b) The physician, the representative of health maintenance organizations, and
15 the member who represents the public interest, for terms expiring on May 1, 2011.

16 **ARB (2) HEALTH CARE QUALITY AND PATIENT SAFETY BOARD; STUDY OF PHYSICIAN**
17 **INFORMATION DATABASE.** By March 1, 2006, the health care quality and patient safety
18 board shall study and make recommendations to the governor concerning the
19 feasibility of creating a centralized physician information database, including
20 through a joint public and private effort.

21 **ARC (3) HEALTH CARE QUALITY AND PATIENT SAFETY BOARD; STUDY OF RULES.** By October
22 1, 2006, the health care quality and patient safety board shall study and make
23 recommendations to the governor concerning the rules required and authorized to
24 be promulgated by the department of health and family services under section
25 153.75 of the statutes.



(4) HEALTH CARE QUALITY AND PATIENT SAFETY BOARD; PLAN AND STRATEGIES. By January 1, 2007, develop a plan and specific strategies, including awarding grants or making loans under section 153.076 (2) of the statutes, as created by this act, to deploy health care information systems technology for health care quality, safety, and efficiency, within a reasonable time and using reasonable financial investments. The plan shall consider the extent to which an integrated or interoperable system or underlying technology may be most cost effective, including by assessing benefits of the system for supporting rapid deployment for supporting medical care practitioners, promoting accurate and appropriate shared information about individual patients among health care providers, standardizing performance indicators among health care provider organizations to improve organization performance, and public reporting of quality, safety, and efficiency data for consumer and health care purchaser decision making.

SECTION 9121. Nonstatutory provisions; health and family services.



(1) TRANSFER OF FUNCTIONS OF THE BOARD ON HEALTH CARE INFORMATION.

(a) *Assets and liabilities.* On the effective date of this paragraph, the assets and liabilities of the department of health and family services primarily related to the functions of the board on health care information, as determined by the secretary of administration, shall become the assets and liabilities of the department of administration.

(b) *Position and employee transfers.* All incumbent employees holding positions in the department of health and family services performing duties primarily related to the functions of the board on health care information, as determined by the secretary of administration, are transferred on the effective date of this paragraph to the department of administration.

1 (c) *Employee status.* Employees transferred under paragraph (b) have all the
2 rights and the same status under subchapter V of chapter 111 and chapter 230 of the
3 statutes in the department of administration that they enjoyed in the department
4 of health and family services immediately before the transfer. Notwithstanding
5 section 230.28 (4) of the statutes, no employee so transferred who has attained
6 permanent status in class is required to serve a probationary period.

7 (d) *Tangible personal property.* On the effective date of this paragraph, all
8 tangible personal property, including records, of the department of health and family
9 services that is primarily related to the functions of the board on health care
10 information, as determined by the secretary of administration, is transferred to the
11 department of administration.

12 (e) *Contracts.* 1. All contracts entered into by the board on health care
13 information in effect on the effective date of this subdivision remain in effect and are
14 transferred to the health care quality and patient safety board. The health care
15 quality and patient safety board shall carry out any obligations under such a contract
16 until the contract is modified or rescinded by the health care quality and patient
17 safety board to the extent allowed under the contract.

18 2. All contracts entered into by the department of health and family services
19 in effect on the effective date of this subdivision that are primarily related to the
20 functions of the board on health care information, as determined by the secretary of
21 administration, remain in effect and are transferred to the department of
22 administration. The department of administration shall carry out any obligations
23 under such a contract until the contract is modified or rescinded by the department
24 of administration to the extent allowed under the contract.

1 (f) *Rules and orders.* 1. All rules promulgated by the board on health care
2 information that are in effect on the effective date of this subdivision remain in effect
3 until their specified expiration date or until amended or repealed by the health care
4 quality and patient safety board.

5 2. All rules promulgated by the department of health and family services that
6 are primarily related to the functions of the board on health care information, as
7 determined by the secretary of administration, that are in effect on the effective date
8 of this subdivision remain in effect until their specified expiration date or until
9 amended or repealed by the department of administration. All orders issued by the
10 department of health and family services that are primarily related to the functions
11 of the board on health care information, as determined by the secretary of
12 administration, that are in effect on the effective date of this subdivision remain in
13 effect until their specified expiration date or until amended or repealed by the
14 department of administration.

15 (g) *Pending matters.* Any matter pending with the board on health care
16 information on the effective date of this paragraph is transferred to the health care
17 quality and patient safety board and all materials submitted to or actions taken by
18 the board on health care information with respect to the pending matter are
19 considered as having been submitted to or taken by the health care quality and
20 patient safety board.

21 (2) HEALTH CARE INFORMATION; RULE MAKING. Notwithstanding the requirement
22 and authorization for the department of health and family services to promulgate
23 rules under section 153.75 of the statutes, before July 1, 2007, the department of
24 health and family services may promulgate under section 153.75 of the statutes only
25 rules that are first approved by the health care quality and patient safety board.

INSERT 17-25

SECTION 9225. Appropriation changes; insurance.

(1) HEALTH CARE QUALITY IMPROVEMENT FUND. There is transferred from the injured patients and families compensation fund to the health care quality improvement fund ~~\$25,000,000~~ ^{\$133,843,400} in fiscal year 2005-06 ^{and \$8,764,000 in fiscal year 2006-07}

SECTION 9401. Effective dates; administration.

(1) CREATION OF HEALTH CARE QUALITY AND PATIENT SAFETY BOARD. The treatment of sections 15.07 (2) (n), 15.105 (13), 153.05 (2m) (d), 153.07 (5) to (9), ~~and~~ 153.076 of the statutes and ~~SECTION 9101 (1), (2), (3), (4) and 9121 (1) and (2)~~ ^{and} of this act take effect on October 1, 2005.

SECTION 9421. Effective dates; health and family services.

(1) ELIMINATION OF BOARD ON HEALTH CARE INFORMATION. The treatment of sections 15.07 (2) (b) and (3) (bm) 1., 15.195 (6), 16.03 (3), 20.435 (4) (hg), 153.01 (2), and 153.76 of the statutes takes effect on October 1, 2005.

(END)

^{CS} and ^{ARZ} ~~SECTION 9121 (1) and (2)~~ ^{ARW} of this act

↑ 23103↑, and 231035

2005-2006 DRAFTING INSERT
FROM THE
LEGISLATIVE REFERENCE BUREAU

LRB-1649/2insRC
RAC:.....

18

Insert 10-12.

~~SECTION 25.77 (7) of the statutes is created to read:~~

25.77 (7) All moneys received from s. 20.505 (1) (sd).

⑧
②

2005-2006 DRAFTING INSERT
FROM THE
LEGISLATIVE REFERENCE BUREAU

LRB-1649/lins
DAK/RAC/MJE:wlj:eh

PJK

INSERT A

The bill transfers from the health care quality improvement fund to the Medical Assistance trust fund to be used for benefits under the Medical Assistance program, including specified hospital payments in specified amounts.

(END OF INSERT A)

INSERT 10-11

SECTION 1. 25.77 (4) of the statutes is created to read:

25.77 (4) All moneys transferred under 2005 Wisconsin Act (this act), section 9221 (X).

(END OF INSERT 10-11)

INSERT 17-25

SECTION 9121. Nonstatutory provisions; health and family services.

(1) PAYMENTS FROM TRANSFER TO MEDICAL ASSISTANCE TRUST FUND.

(a) From the appropriation under section 20.435 (4) of the statutes, with moneys transferred to the Medical Assistance trust fund under SECTION 9225 (X) of this act, the department of health and family services shall pay for the following purposes the following amounts:

1. For direct graduate medical education, \$5,200,000 in fiscal year 2005-06 and \$5,200,000 in fiscal year 2006-07.

2. For a rural hospital adjustment, \$900,000 in fiscal year 2005-06 and \$900,000 in fiscal year 2006-07.

3. For a major managed care supplement, \$108,000 in fiscal year 2005-06 and \$108,000 in fiscal year 2006-07.

4. For essential access city hospital care, \$2,635,400 in fiscal year 2005-06 and \$2,646,000 in fiscal year 2006-07.

- 1 (b) No ~~funds~~ ^{moneys} from the appropriation under section 20.435 (4) (b) may be used
2 for payments under paragraph (a). ↓

(END OF INSERT 17-25)

→ the

of the statutes

2005-2006 DRAFTING INSERT
FROM THE
LEGISLATIVE REFERENCE BUREAU

LRB-1649/2insDAK
DAK/RAC/MJL:wlj:ch

8
INSERT 10-11 B

1 SECTION 1. 25.77 (7) of the statutes is created to read:

2 25.77 (7) All moneys transferred under 2005 Wisconsin Act (this act), section

3 9201 (1).

INSERT 18-1

4 SECTION 9201. Appropriation changes; administration. ✓

5 (1) MEDICAL ASSISTANCE TRUST FUND. There is transferred from the health care
6 quality improvement fund to the medical assistance trust fund \$83,843,400 in fiscal
7 year 2005-06 and \$8,764,000 in fiscal year 2006-07.

8

INSERT 7-23 B

Section #. CR; 20.435(4)(rm) ✓
=

20.435(4)(rm) Healthcare quality improvement
=

fund; hospital supplemental payments From the
✓ =

health care quality improvement fund; the amounts
in the schedule to provide the payments specified

in 2005 Wisconsin Act (this act) section 9121
=

(3) 0
ARX

*** NOTE: BAD ✓

exceeds the moneys remaining in the injured patients and families compensation fund. The bill also changes the stated purpose of the injured patients and families compensation fund to that of ensuring the availability of health care providers in the state and controlling the cost of health care services to state taxpayers, workers, and employers and provides that the fund shall be held in trust and may not be used for purposes other than those of the chapter containing the health care liability insurance requirements.

For further information see the **state** fiscal estimate, which will be printed as an appendix to this bill.

The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:

SECTION 1. 20.145 (2) (a) of the statutes is created to read:

20.145 (2) (a) *Claims payable by injured patients and families compensation fund.* A sum sufficient for paying any portion of a claim for damages arising out of the rendering of health care services that the injured patients and families compensation fund under s. 655.27 is required to pay under ch. 655 but that the injured patients and families compensation fund is unable to pay because of insufficient moneys.

***NOTE: This SECTION involves a change in an appropriation that must be reflected in the revised schedule in s. 20.005, stats.

SECTION ~~20~~ 20.435 (4) (r) of the statutes is created to read:

20.435 (4) (r) ~~Medical Assistance trust fund~~; Medical Assistance ~~program~~ ^{reform} ~~benefits~~ From the ~~Medical Assistance trust~~ fund, as a continuing appropriation, the amounts in the schedule to provide a portion of the state share of Medical Assistance program benefits administered under s. 49.45, to provide a portion of the Medical Assistance program benefits administered under s. 49.45 that are not also provided under par. (o), to fund the pilot project under s. 46.27 (9) and (10), to provide a portion of the facility payments under 1999 Wisconsin Act 9, section 9123 (9m), to fund

Health care quality improvement

health care quality improvement

INSERT
7-23
A

1 services provided by resource centers under s. 46.283, and for services under the
2 family care benefit under s. 46.284 (5).

***NOTE: This SECTION involves a change in an appropriation that must be reflected in the revised schedule in s. 20.005, stats.

3 **SECTION 3.** 25.77 (4) of the statutes is created to read:
4 25.77 (4) All moneys transferred under 2005 Wisconsin Act (this act), section
5 9225 (1).

INSERT 11-1

6 **SECTION ~~46~~ 46.27 (9) (a)** of the statutes is amended to read:

7 46.27 (9) (a) The department may select up to 5 counties that volunteer to
8 participate in a pilot project under which they will receive certain funds allocated for
9 long-term care. The department shall allocate a level of funds to these counties
10 equal to the amount that would otherwise be paid under s. 20.435 (4) (b), (gp), (r), or
11 (w) to nursing homes for providing care because of increased utilization of nursing
12 home services, as estimated by the department. In estimating these levels, the
13 department shall exclude any increased utilization of services provided by state
14 centers for the developmentally disabled. The department shall calculate these
15 amounts on a calendar year basis under sub. (10).

16 **SECTION ~~46~~ 46.27 (10) (a) 1.** of the statutes is amended to read:

17 46.27 (10) (a) 1. The department shall determine for each county participating
18 in the pilot project under sub. (9) a funding level of state medical assistance
19 expenditures to be received by the county. This level shall equal the amount that the
20 department determines would otherwise be paid under s. 20.435 (4) (b), (gp), (r), or
21 (w) because of increased utilization of nursing home services, as estimated by the
22 department.

23 **SECTION ~~46~~ 46.275 (5) (a)** of the statutes is amended to read:

1 46.275 (5) (a) Medical Assistance reimbursement for services a county, or the
2 department under sub. (3r), provides under this program is available from the
3 appropriation accounts under s. 20.435 (4) (b), (gp), (o), (r), and (w). If 2 or more
4 counties jointly contract to provide services under this program and the department
5 approves the contract, Medical Assistance reimbursement is also available for
6 services provided jointly by these counties.

7 ~~SECTION 46.275~~ (5) (c) of the statutes is amended to read:


8 46.275 (5) (c) The total allocation under s. 20.435 (4) (b), (gp), (o), (r), and (w)
9 to counties and to the department under sub. (3r) for services provided under this
10 section may not exceed the amount approved by the federal department of health and
11 human services. A county may use funds received under this section only to provide
12 services to persons who meet the requirements under sub. (4) and may not use
13 unexpended funds received under this section to serve other developmentally
14 disabled persons residing in the county.

15 ~~SECTION 46.278~~ (6) (d) of the statutes is amended to read:

16 46.278 (6) (d) If a county makes available nonfederal funds equal to the state
17 share of service costs under a waiver received under sub. (3), the department may,
18 from the appropriation under s. 20.435 (4) (o), provide reimbursement for services
19 that the county provides under this section to persons who are in addition to those
20 who may be served under this section with funds from the appropriation under s.
21 20.435 (4) (b), (r), or (w).

22 ~~SECTION 46.283~~ (5) of the statutes is amended to read:

23 46.283 (5) FUNDING. From the appropriation accounts under s. 20.435 (4) (b),
24 (bm), (gp), (pa), (r), and (w) and (7) (b), (bd), and (md), the department may contract



1 with organizations that meet standards under sub. (3) for performance of the duties
2 under sub. (4) and shall distribute funds for services provided by resource centers.

3 **SECTION 10** 46.284 (5) (a) of the statutes is amended to read:


4 46.284 (5) (a) From the appropriation accounts under s. 20.435 (4) (b), (g), (gp),
5 (im), (o), (r), and (w) and (7) (b) and (bd), the department shall provide funding on a
6 capitated payment basis for the provision of services under this section.
7 Notwithstanding s. 46.036 (3) and (5m), a care management organization that is
8 under contract with the department may expend the funds, consistent with this
9 section, including providing payment, on a capitated basis, to providers of services
10 under the family care benefit.

11 **SECTION 11** 49.45 (2) (a) 17. of the statutes is amended to read:

12 49.45 (2) (a) 17. Notify the governor, the joint committee on legislative
13 organization, the joint committee on finance, and appropriate standing committees,
14 as determined by the presiding officer of each house, if the appropriation accounts
15 under s. 20.435 (4) (b) and, (gp), and (r) are insufficient to provide the state share of
16 medical assistance.

17 **SECTION 12** 49.45 (5m) (am) of the statutes is amended to read:

18 49.45 (5m) (am) Notwithstanding sub. (3) (e), from the appropriation accounts
19 under s. 20.435 (4) (b), (gp), (o), (r), and (w), the department shall distribute not more
20 than \$2,256,000 in each fiscal year, to provide supplemental funds to rural hospitals
21 that, as determined by the department, have high utilization of inpatient services by
22 patients whose care is provided from governmental sources, and to provide
23 supplemental funds to critical access hospitals, except that the department may not
24 distribute funds to a rural hospital or to a critical access hospital to the extent that
25 the distribution would exceed any limitation under 42 USC 1396b (i) (3).



1 ~~SECTION 13.~~ 49.45 (6m) (ag) (intro.) of the statutes is amended to read:

2 49.45 **(6m)** (ag) (intro.) Payment for care provided in a facility under this
3 subsection made under s. 20.435 (4) (b), (gp), (pa), (o), (r), (w), or (wm) shall, except
4 as provided in pars. (bg), (bm), and (br), be determined according to a prospective
5 payment system updated annually by the department. The payment system shall
6 implement standards that are necessary and proper for providing patient care and
7 that meet quality and safety standards established under subch. II of ch. 50 and ch.
8 150. The payment system shall reflect all of the following:

9 ~~SECTION 13.~~ 49.45 (6v) (b) of the statutes is amended to read:


10 49.45 **(6v)** (b) The department shall, each year, submit to the joint committee
11 on finance a report for the previous fiscal year, ~~except for the 1997-98 fiscal year,~~ that
12 provides information on the utilization of beds by recipients of medical assistance in
13 facilities and a discussion and detailed projection of the likely balances,
14 expenditures, encumbrances, and carry over of currently appropriated amounts in
15 the appropriation accounts under s. 20.435 (4) (b), (gp), and (o), and (r).

16 ~~SECTION 13.~~ 49.45 (6x) (a) of the statutes is amended to read:

17 49.45 **(6x)** (a) Notwithstanding sub. (3) (e), from the appropriation accounts
18 under s. 20.435 (4) (b), (gp), (o), (r), and (w), the department shall distribute not more
19 than \$4,748,000 in each fiscal year, to provide funds to an essential access city
20 hospital, except that the department may not allocate funds to an essential access
21 city hospital to the extent that the allocation would exceed any limitation under 42
22 USC 1396b (i) (3).

23 ~~SECTION 13.~~ 49.45 (6y) (a) of the statutes is amended to read:

24 49.45 **(6y)** (a) Notwithstanding sub. (3) (e), from the appropriation accounts
25 under s. 20.435 (4) (b), (gp), (o), (r), and (w), the department shall distribute funding




1 in each fiscal year to provide supplemental payment to hospitals that enter into a
2 contract under s. 49.02 (2) to provide health care services funded by a relief block
3 grant, as determined by the department, for hospital services that are not in excess
4 of the hospitals' customary charges for the services, as limited under 42 USC 1396b
5 (i) (3). If no relief block grant is awarded under this chapter or if the allocation of
6 funds to such hospitals would exceed any limitation under 42 USC 1396b (i) (3), the
7 department may distribute funds to hospitals that have not entered into a contract
8 under s. 49.02 (2).

9 **SECTION 14:** 49.45 (6y) (am) of the statutes is amended to read:

10 49.45 (6y) (am) Notwithstanding sub. (3) (e), from the appropriation accounts
11 under s. 20.435 (4) (b), (h), (gp), (o), (r), and (w), the department shall distribute
12 funding in each fiscal year to provide supplemental payments to hospitals that enter
13 into contracts under s. 49.02 (2) with a county having a population of 500,000 or more
14 to provide health care services funded by a relief block grant, as determined by the
15 department, for hospital services that are not in excess of the hospitals' customary
16 charges for the services, as limited under 42 USC 1396b (i) (3).

17 **SECTION 14:** 49.45 (6z) (a) (intro.) of the statutes is amended to read:

18 49.45 (6z) (a) (intro.) Notwithstanding sub. (3) (e), from the appropriation
19 accounts under s. 20.435 (4) (b), (gp), (o), (r), and (w), the department shall distribute
20 funding in each fiscal year to supplement payment for services to hospitals that enter
21 into a contract under s. 49.02 (2) to provide health care services funded by a relief
22 block grant under this chapter, if the department determines that the hospitals serve
23 a disproportionate number of low-income patients with special needs. If no medical
24 relief block grant under this chapter is awarded or if the allocation of funds to such
25 hospitals would exceed any limitation under 42 USC 1396b (i) (3), the department



1 may distribute funds to hospitals that have not entered into a contract under s. 49.02
2 (2). The department may not distribute funds under this subsection to the extent
3 that the distribution would do any of the following:

4 **SECTION ~~19~~** 49.45 (8) (b) of the statutes is amended to read:

5 49.45 **(8)** (b) Reimbursement under s. 20.435 (4) (b), (gp), (o), (r), and (w) for
6 home health services provided by a certified home health agency or independent
7 nurse shall be made at the home health agency's or nurse's usual and customary fee
8 per patient care visit, subject to a maximum allowable fee per patient care visit that
9 is established under par. (c).

10 **SECTION ~~20~~** 49.45 (24m) (intro.) of the statutes is amended to read:


11 49.45 **(24m)** HOME HEALTH CARE AND PERSONAL CARE PILOT PROGRAM. (intro.)
12 From the appropriation accounts under s. 20.435 (4) (b), (gp), (o), (r), and (w), in order
13 to test the feasibility of instituting a system of reimbursement for providers of home
14 health care and personal care services for medical assistance recipients that is based
15 on competitive bidding, the department shall:

16 **SECTION ~~21~~** 49.472 (6) (a) of the statutes is amended to read:

17 49.472 **(6)** (a) Notwithstanding sub. (4) (a) 3., from the appropriation account
18 under s. 20.435 (4) (b), (gp), (r), or (w), the department shall, on the part of an
19 individual who is eligible for medical assistance under sub. (3), pay premiums for or
20 purchase individual coverage offered by the individual's employer if the department
21 determines that paying the premiums for or purchasing the coverage will not be more
22 costly than providing medical assistance.

23 **SECTION ~~22~~** 49.472 (6) (b) of the statutes is amended to read:

24 49.472 **(6)** (b) If federal financial participation is available, from the
25 appropriation account under s. 20.435 (4) (b), (gp), (r), or (w), the department may



1 pay medicare Medicare Part A and Part B premiums for individuals who are eligible
2 for medicare Medicare and for medical assistance under sub. (3).

3 **SECTION 23** 49.473 (5) of the statutes is amended to read:

4 49.473 (5) The department shall audit and pay, from the appropriation
5 accounts under s. 20.435 (4) (b), (gp), and (o), and (r) allowable charges to a provider
6 who is certified under s. 49.45 (2) (a) 11. for medical assistance Medical Assistance
7 on behalf of a woman who meets the requirements under sub. (2) for all benefits and
8 services specified under s. 49.46 (2).

9 **SECTION 24.** 655.26 (2) of the statutes is amended to read:

10 655.26 (2) By the 15th day of each month, the board of governors shall report
11 the information specified in sub. (1) to the medical examining board for each claim
12 paid by the fund or from the appropriation under s. 20.145 (2) (a) during the previous
13 month for damages arising out of the rendering of health care services by a health
14 care provider or an employee of a health care provider.

15 **SECTION 25.** 655.27 (3) (am) of the statutes is amended to read:

16 655.27 (3) (am) *Assessments for peer review council.* The fund, a mandatory
17 health care liability risk-sharing plan established under s. 619.04, and a private
18 health care liability insurer shall be assessed, as appropriate, fees sufficient to cover
19 the costs of the injured patients and families compensation fund peer review council,
20 including costs of administration, for reviewing claims paid by the fund, or from the
21 appropriation under s. 20.145 (2) (a), by the plan, and by the insurer, respectively,
22 under s. 655.275 (5). The fees shall be set by the commissioner by rule, after approval
23 by the board of governors, and shall be collected by the commissioner for deposit in
24 the fund. The costs of the injured patients and families compensation fund peer
25 review council shall be funded from the appropriation under s. 20.145 (2) (um).

1 **SECTION 26.** 655.27 (4) (a) of the statutes is amended to read:

2 655.27 (4) (a) Moneys shall be withdrawn from the fund, or paid from the
3 appropriation under s. 20.145 (2) (a), by the commissioner only upon vouchers
4 approved and authorized by the board of governors.

5 **SECTION 27.** 655.27 (5) (e) of the statutes is amended to read:

6 655.27 (5) (e) Claims filed against the fund shall be paid in the order received
7 within 90 days after filing unless appealed by the fund. If the amounts in the fund
8 are not sufficient to pay all of the claims, claims received after the funds are
9 exhausted shall be ~~immediately payable the following year in the order in which they~~
10 ~~were received~~ paid from the appropriation under s. 20.145 (2) (a).

11 **SECTION 28.** 655.27 (6) of the statutes is repealed and recreated to read:

12 655.27 (6) PURPOSE AND INTEGRITY OF FUND. The fund is established to ensure
13 the availability of health care providers in the state and to control the cost of health
14 care services to state taxpayers, workers, and employers. The fund shall be held in
15 trust for the purposes of this chapter and may not be used for purposes other than
16 those of this chapter.

17 **SECTION 29.** 655.275 (5) (a) (intro.) of the statutes is amended to read:

18 655.275 (5) (a) (intro.) The council shall review, within one year of the date of
19 first payment on the claim, each claim that is paid by the fund, or from the
20 appropriation under s. 20.145 (2) (a), by a mandatory health care liability
21 risk-sharing plan established under s. 619.04, by a private health care liability
22 insurer, or by a self-insurer for damages arising out of the rendering of medical care
23 by a health care provider or an employee of the health care provider and shall make
24 recommendations to all of the following:

25 **SECTION 9225. Appropriation changes; insurance.**

1 (1) MEDICAL ASSISTANCE TRUST FUND TRANSFER. There is transferred from the
2 injured patients and families compensation fund to the Medical Assistance trust
3 fund \$200,000,000 in fiscal year 2005–06.

4

(END)

End of
INSERT ✓
11-1